



<b>DOCKET</b>	
<b>06-IEP-1K</b>	
DATE	JUN 29 2007
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June 29th, 2007

California Energy Commission  
Docket Office  
1516 Ninth Street, MS-4  
Sacramento, CA 95814-5512

Attention: **Docket 06-IEP-1K - June 12<sup>th</sup> IEPR Cost of Generation Workshop**

Dear Docket Office:

Southern California Edison Company appreciates the opportunity to submit its comments to the June 12<sup>th</sup> IEPR Cost of Generation Workshop.

Should you have any questions, please do not hesitate to contact me at (916) 441-2369.

Sincerely,

/s/ Manuel Alvarez  
Manuel Alvarez  
Manager, Regulatory Policy & Affairs  
Southern California Edison Company  
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SOUTHERN CALIFORNIA EDISON (SCE)  
CALIFORNIA ENERGY COMMISSION (CEC) COMPARATIVE COSTS OF CALIFORNIA  
CENTRAL STATION ELECTRICITY GENERATION TECHNOLOGIES REPORT  
**DRAFT STAFF REPORT & COST OF GENERATION MODEL COMMENTS**  
(Rev. 1, 06/27/2007)

## GENERAL COMMENTS

SCE would like to commend the CEC for the extensive work undertaken to create the new cost of generation model. We believe it will be a very important addition to the information available on this subject. The generation cost valuation is a component of many important decisions and improving the quality and accuracy of those estimates is highly valued. SCE has the following comments:

The CEC report uses a commercial grade LM6000 as the base configuration for the simple cycle combustion turbine. SCE believes that the GE Frame 7x configuration is a more appropriate standard. We recommend an additional scenario based on a two-unit or four-unit Frame 7x peaker configuration be incorporated.

The combined cycle scenario as currently described appears to be inefficiently sized by using a 500 MW 2x1 configuration (2 CTs into one steam turbine). SCE believes a scenario similar to the Mountainview plant is more appropriate at approximately 1000 MW, using a 4x2 configuration.

### **Technical Comments**

#### **1. DRAFT STAFF REPORT**

- a. Chapter 2, Assumptions, Summary of Assumptions, page 16: The paragraph indicates that Tables 6 and 7 summarize the most common input assumptions and that all costs are for year 2007 nominal dollars. However, Table 6 and 7 presents the same Emissions Factors for the various technologies, no other assumptions are provided and no costs are provided. Is the information provided by Tables 6 and 7 the correct information presentation (same data in both Tables and no costs)? Please review.

#### **2. NAVIGANT CONSULTING DATA INPUT TO COST OF GENERATION MODEL REPORT**

- a. Clean Coal (IGCC) & Nuclear Section, Advanced Nuclear Design Types and Manufacturers Table, page 101: Two (2) major suppliers of advanced nuclear plant designs are not listed in the Table but should be considered.

<u>Design</u>	<u>Mfgr.</u>	<u>Size &amp; Type</u>
US APWR	Mitsubishi	1,700 MWe Advanced Pressurized Water Reactor
US EPR	AREVA	1,600 MWe Evolutionary Power Reactor

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3. **COST OF GENERATION MODEL**

- a. ADDERS Sheet: It is understood that the Plants Survey Information was used to develop the "Linears" costs indicated in the Model Adjustment Factors Tables. Recent Southern California Edison experience indicates that the "Linears" cost used for the Simple Cycle Plant is approximately fifty (50) percent low when compared to actual construction costs for transmission, gas supply, etc.
- b. INPUT-OUTPUT Sheet, INPUT SELECTION Table: For Advanced Nuclear and IGCC Plant Types, selecting a Start (Inservice) Year other than 2007 produces a "#N/A" indication in the OUTPUT RESULTS Table Fuel Costs columns. Is this the intended result for the fuel cost for these Plant Types and Start Year selection? Please review.
- c. INPUT-OUTPUT Sheet, INPUT SELECTION Table: After selecting Fuel Cell Plant Types, methane fuel is indicated as the fuel. However, a "\$0" fuel cost is indicated in the OUTPUT RESULTS Table Fuel Costs columns. Is this correct, that no fuel costs are included in the variable costs? If not, how is the fuel cost accounted for. Please review.

3. **COST OF GENERATION MODEL (continued)**

- d. INPUT-OUTPUT Sheet, KEY DATA VALUES Table, Fuel Use Summary: The row name "Natural Gas Price (\$/MMBtu)" remains the same even when other fuels (coal, nuclear, etc.) are indicated in the INPUT SELECTION Table. However, the selected fuel costs are listed. Is this the intended presentation result for indicating fuel types costs? Please review.
- e. INPUT-OUTPUT Sheet, KEY DATA VALUES Table, Instant Cost & Installed Cost: The Installed Costs generated by the Model are indicated as LESS than the Instant Costs. Is this correct? It would seem that the Installed Costs should be more than the Instant Costs. Please review.
- f. FUEL PRICE FORECASTS Sheet: The Column Header "Natural Gas, \$/MMBtu" (left hand side of Sheet) remains the same even when other fuels (coal, nuclear, etc.) are indicated in the INPUT-OUTPUT Sheet, INPUT SELECTION Table. However, the selected fuel costs are listed in the column. Is this the intended header presentation for indicating fuel types costs? Please review.